

## Message Text

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61

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION NATO IMMEDIATE

C O N F I D E N T I A L STATE 105818

EXDIS

E.O. 11652: GDS

TAGS: EFIN, MCAP, GW, NATO

SUBJECT: NEW OFFSET AGREEMENT AUTHORIZED BY PRESIDENT

FOR THE AMBASSADOR

1. THE PRESIDENT HAS DETERMINED THAT THE UNITED STATES SHOULD SEEK A NEW OFFSET AGREEMENT WITH THE FRG TO REPLACE THE CURRENT AGREEMENT EXPIRING ON JUNE 30, 1975. THE FOLLOWING IS THE TEXT OF A LETTER FROM THE PRESIDENT TO CHANCELLOR SCHMIDT SIGNED IN THE WHITE HOUSE MAY 3 WHICH THE EMBASSY SHOULD TRANSMIT TO THE CHANCELLOR AT ITS EARLIEST CONVENIENCE.

2. BEGIN TEXT. DEAR MR. CHANCELLOR:

3. THE CURRENT BALANCE OF PAYMENTS OFFSET AGREEMENT  
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BETWEEN THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED

STATES OF AMERICA WILL EXPIRE ON JUNE 30TH OF THIS YEAR.

4. RECENT YEARS HAVE BROUGHT MAJOR DEVELOPMENTS IN THE INTERNATIONAL ECONOMIC ARENA, SOME OF WHICH HAVE SIGNIFICANCE FOR OUR ARRANGEMENTS TO OFFSET THE BALANCE-OF-PAYMENTS

COST THE UNITED STATES INCURS THROUGH THE DEPLOYMENT OF AMERICAN FORCES IN THE FEDERAL REPUBLIC. HOWEVER, WHILE MUCH HAS CHANGED SINCE OUR TWO COUNTRIES CONCLUDED THE FIRST BILATERAL OFFSET AGREEMENT IN 1961, THE MOST IMPORTANT CONSIDERATIONS HAVE REMAINED CONSTANT:

-- LIKE MY PREDECESSORS I REMAIN COMMITTED TO THE MAINTENANCE OF U.S. FORCES IN EUROPE AT PRESENT LEVELS, SUBJECT ONLY TO SUCH MUTUAL AND BALANCED REDUCTIONS AS MAY RESULT FROM NEGOTIATIONS NOW UNDERWAY BETWEEN MEMBERS OF THE ATLANTIC ALLIANCE AND THE WARSAW PACT. GIVEN THE

CONTINUING BUILDUP OF WARSAW PACT FORCES AND THE GRAVE UNCERTAINTIES NOW CONFRONTING NATO THROUGHOUT THE MEDITERRANEAN REGION, I BELIEVE THAT THE U.S. MILITARY PRESENCE IN EUROPE IS AS VITAL TODAY FOR THE SECURITY OF THE ALLIANCE AS AT ANY PREVIOUS TIME. AS YOU KNOW, WE ARE TAKING STEPS TO RENDER OUR COMMITMENT MORE EFFECTIVE THROUGH THE SUBSTITUTION OF ADDITIONAL COMBAT FORCES FOR A CERTAIN NUMBER OF SUPPORTING TROOPS.

-- THROUGH THE YEARS WE HAVE FOUND BURDENSARING ARRANGEMENTS SUCH AS BALANCE OF PAYMENTS OFFSET EFFECTIVE AND IN FACT ESSENTIAL TO ENSURE SUFFICIENT POLITICAL SUPPORT IN THE UNITED STATES FOR OUR POLICY TO CONTINUE THE AMERICAN MILITARY PRESENCE IN NATO EUROPE. THE COST OF MAINTAINING THIS PRESENCE IS SUBSTANTIAL BOTH IN ABSOLUTE TERMS AND RELATIVE TO THE SIZE OF THE U.S. ECONOMY.

5. AN EXTENSIVE AND THOUGHTFUL REVIEW OF ALL FACTORS BEARING ON THIS SUBJECT HAS LED ME TO CONCLUDE THAT A CONTINUATION OF OUR BILATERAL OFFSET ARRANGEMENT SERVES THE VITAL INTEREST OF BOTH OUR COUNTRIES AND THAT SUCH

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ARRANGEMENTS REMAIN WARRANTED BY ECONOMIC AND POLITICAL CONSIDERATIONS. HENCE I WOULD LIKE TO PROPOSE TO YOU THAT WE APPOINT AND INSTRUCT NEGOTIATORS TO MEET AS SOON AS PRACTICABLE TO DISCUSS THE PARAMETERS, TIME SPAN AND COMPOSITION OF A REALISTIC NEW OFFSET AGREEMENT WHICH WOULD TAKE EFFECT ON JULY 1, 1975. IT IS MY HOPE THAT NEGOTIATIONS LEADING TO CONCLUSION OF SUCH A NEW AGREEMENT COULD BE COMPLETED PRIOR TO THAT DATE, BUT IN ANY

CASE WELL BEFORE THE END OF THIS YEAR. I LOOK FORWARD  
TO RECEIVING YOUR RESPONSE TO THIS PROPOSAL.

6. WITH BEST PERSONAL REGARDS,

GERALD R. FORD.

7. HIS EXCELLENCY HELMUT SCHMIDT, CHANCELLOR OF THE  
FEDERAL REPUBLIC OF GERMANY, BONN. END TEXT. KISSINGER

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